

## Message Text

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ACTION NEA-11

INFO OCT-01 EUR-12 ISO-00 L-03 PA-02 ICA-20 EB-08  
COME-00 FBOE-00 A-01 CIAE-00 INR-10 NSAE-00  
TRSE-00 PER-05 MMO-04 /077 W  
-----051281 091733Z /53

R 091400Z MAY 78  
FM AMEMBASSY TRIPOLI  
TO SECSTATE WASHDC 5482  
INFO AMEMBASSY TUNIS  
AMEMBASSY VALLETTA

UNCLAS SECTION 1 OF 2 TRIPOLI 0696

E.O. 11652: N/A  
TAGS: PGOV, SGEN, ECON, ABLD, LY  
SUBJECT: NEW LAW ON OWNERSHIP OF REAL ESTATE

BEGIN SUMMARY: LIBYA'S AWAITED LAW FOR THE CONFISCATION OF CERTAIN REAL ESTATE DECLARES THAT EACH CITIZEN IS ENTITLED TO OWN ONE AND ONLY ONE RESIDENCE, PROVIDES FOR CONFISCATION OF DWELLINGS IN EXCESS OF ONE OWNED BY INDIVIDUALS, AND MENTIONS COMPENSATION BUT GIVES NO DETAILS. EMBASSIES MAY CONTINUE TO OWN REAL ESTATE AND THERE APPEARS TO BE SPECIAL PROVISION FOR CONTINUED RENTING TO EMBASSIES. ECONOMIC IMPACT IS EXPECTED TO BE NEGATIVE, WITH CONTINUED UNSETTLED CONDITION AND HIGHER PRICES IN HOUSING MARKET FOR FOREIGNERS. END SUMMARY.

1. THE EXPECTED LIBYAN LAW FOR CONFISCATION OF CERTAIN REAL ESTATE WAS ISSUED BY THE SECRETARIAT GENERAL OF THE GENERAL PEOPLE'S CONGRESS ON MAY 6. THE LAW IS CONFUSING AND CONTRADICTORY IN SEVERAL PARTICULARS AND WILL PERHAPS BE CLARIFIED TO SOME EXTENT BY REGULATIONS TO BE ISSUED AT A LATER DATE.

2. LAW NOTES THAT EACH CITIZEN HAS THE RIGHT TO OWN ONE  
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DWELLING OR ONE PIECE OF LAND SUITABLE FOR CONSTRUCTION OF A DWELLING. IF HE OWNS MORE THAN ONE SUCH UNIT, HE MAY CHOOSE THE DWELLING OR BUILDING LOT WHICH HE WISHES TO RETAIN. HIS OTHER SUCH PROPERTIES "REVERT" TO THE STATE FOR FUTURE DISTRIBUTION TO OTHER PERSONS OR FOR PUBLIC USE. ARTICLE IV NOTES THAT IN CERTAIN CASES TO BE SPECIFIED IN THE REGULATIONS, THE CITIZEN MAY TEM-

PORARILY OWN MORE THAN ONE HOUSE, AND FURTHER NOTES INEXPLICABLY THAT "OWNERSHIP OF ANYTHING IN EXCESS OF ONE HOUSE, WHEN THERE ARE NO FORMAL REASONS FOR OWNING MORE THAN ONE HOUSE, SHOULD STILL BE PERMITTED FOR THOSE WHO ARE ENTITLED TO IT." IT IS UNCLEAR WHAT HAPPENS IN THE CASE OF AN INDIVIDUAL OWNING A MULTI-UNIT APARTMENT HOUSE.

3. IT APPEARS THAT AN INDIVIDUAL MUST ALSO SURRENDER HIS NON-HOUSIN REAL ESTATE, ALTHOUGH THE POINT IS NOT CLEAR. ARTICLE III NOTES THAT "OWNERSHIP OF BUILDINGS PREPARED FOR HOUSING, EVEN IF THEIR USE IS NOT FOR THIS PURPOSE," INCLUDING "BUILDINGS WHICH ARE NOT PREPARED FOR HOUSING SHALL "REVERT" TO THE STATE. HOWEVER, "WHAT THE OWNER CITIZENS USE FOR THE PURPOSE OF PROFESSIONS OR VOCATIONS OR INDUSTRY WILL BE EXCEPTED FROM THE AFOREMENTIONED." ARTICLE III APPEARS TO STATE THAT THE LAW IS AIMED ONLY AT INDIVIDUALS IN THEIR PERSONAL OWNERSHIP CAPACITY, FOR IT SPECIFIES THAT "LANDED PROPERTY" SHALL NOT "REVERT" TO THE STATE IF IT IS OWNED BY "LEGAL PERSONS" (NOT DEFINED), BY NATIONAL ORGANS OF PUBLIC BENEFIT, OR BY EMBASSIES.

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4. ARTICLE VII SUBPARA B CONTAINS A PASSAGE WHICH APPEARS TO PROVIDE A MEANS FOR LOOKING AFTER THE INTERESTS OF EMBASSIES, EMBASSY STAFFS, AND OTHER RESIDENT FOREIGNERS RENTING HOUSING. IT STATES THAT "HOUSES AND BUILDINGS WHICH ARE NOT PREPARED FOR HOUSING AND HOUSES AND BUILDINGS OWNED BY OR RENTED TO NONCITIZENS

SHALL BE ADMINISTERED FOR THE BENEFIT OF THE PEOPLE."  
THIS LANGUAGE CONTRASTS TO THAT OF SUBPARA A WHICH  
SPEAKS OF PASSING PROPERTY ON "FOR OWNERSHIP BY CITIZENS  
WHO ARE ENTITLED TO OWNERSHIP" AND OF RETAINING SOME OF  
IT FOR PUBLIC PURPOSES, AND COULD MEAN THAT HOUSING OR  
OFFICE BUILDINGS NOW RENTED TO FOREIGNERS MAY, AFTER  
CONFISCATION, CONTINUE TO BE RENTED TO THE OCCUPANTS  
AT GOVERNMENT DISCRETION.

5. THE LAW PROVIDES FOR COMPENSATION FOR CONFISCATED  
PROPERTY IN ACCORDANCE WITH THE REGULATIONS TO BE ISSUED.  
IT REMAINS TO BE SEEN WHETHER COMPENSATION WILL BE  
EFFECTIVE COMPENSATION. THERE IS NO STATEMENT ON  
WHETHER RECIPIENTS OF CONFISCATED PROPERTY MUST PAY ANYTHING  
FOR IT. ARTICLE XIII NOTES THAT THE LAW'S CRIMINAL  
PENALTIES WILL APPLY TO THOSE WHO FAIL TO PAY "ALL OF THE  
INSTALLMENTS OF THE PRICE OF THE PROPERTY HE OWNS."  
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SINCE THERE IS NO PREVIOUS MENTION OF FINANCIAL OBLIGA-  
TIONS OF NEW OWNERS, THIS APPEARS TO MEAN THE EXPROPRIATED  
OWNERS MUST CONTINUE MAKING ANY PAYMENTS DUE ON THEIR  
LOST PROPERTIES.

6. CRIMINAL PENALTIES FOR VIOLATIONS ARE IMPRISONMENT  
OF NOT LESS THAN ONE YEAR AND FINES OF FROM 1,000 TO  
5,000 DINARS. OFFENSES INCLUDE DEMOLITION, DAMAGE, CON-  
CEALMENT OR ALTERATION OF PROPERTY, OR GIVING FALSE, IN-  
CORRECT OR DELAYED DECLARATIONS ABOUT PROPERTY.

7. COMMENT. THE NEW LAW MEETS NO NEED OF THE LIBYAN  
SOCIETY, BUT GRATIFIES THE IDEOLOGICAL IMPULSES OF THE  
COUNTRY'S TINY RULING CIRCLE, AND MARKS THE FIRST CON-  
CRETE STEP IN IMPLEMENTATION OF QADHAFI'S GREEN BOOK,  
PART II. THE HOUSING REQUIREMENTS OF THE LIBYAN POPU-  
LACE ARE BEING ADEQUATELY MET BY THE HUGE CONSTRUCTION  
PROGRAM UNDERWAY FOR SEVERAL YEARS, AND THE LAW IN  
QUESTION COULD HAVE NO POSITIVE IMPACT ON HOUSING AVAIL-  
ABILITY IN ANY EVENT. IT WILL HAVE SEVERAL NEGATIVE  
ECONOMIC IMPACTS, SUCH AS CURTAILING CONSTRUCTION OF  
HOUSING FOR THE IMPORTANT FOREIGN MANAGER/TECHNICIAN  
COMMUNITY AND, IN DENYING LIBYANS WITH SPARE ASSETS  
AN INVESTMENT OUTLET FOR THEIR CAPITAL, WILL ACCELERATE  
THE ILLICIT TRANSFER OF CAPITAL ABROAD AND THE COLLEC-  
TION ABROAD OF FEES, COMMISSIONS, ETCETERA. THE LOCAL  
HOUSING MARKET FOR FOREIGNERS HAS BEEN CHAOTIC AND  
TIGHT IN THE PAST FEW MONTHS AS LANDLOFDS MANEUVERED TO  
TRY TO PROTECT THEMSELVES FROM THE EXPECTED PROVISIONS  
OF THE LAW, MANY BY EVICTING CURRENT TENANTS IN ORDER  
TO MOVE RELATIVES INTO THE PROPERTY. AS IT HAPPENS,

THE LAW DOES NOT TRANSFER OWNERSHIP TO THOSE (LIBYAN  
CITIZENS) NOW OCCUPYING RENTAL PROPERTY AS MIGHT HAVE  
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BEEN PREDICTED FROM SOME OF COLONEL QADHAFI'S EARLIER  
REMARKS, ALTHOUGH SUCH A PROVISION COULD STILL APPEAR  
IN THE REGULATIONS. THERE IS NO TELLING WHEN THE IM-  
PLEMENTING REGULATIONS WILL BE ISSUED, PENDING WHICH  
THE HOUSING SITUATION FOR FOREIGNERS WILL REMAIN UN-  
SETTLED WITH LANDLORDS SCRAMBLING TO GET AS MUCH AS  
THEY CAN IN HIGHER RENTS BEFORE THE ACTUAL CONFISCATION.  
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